



# Department of Veteran Affairs

## Loan Guaranty Service

### SAR Newsletter

1<sup>st</sup> Edition  
September '09

Welcome to the First Edition of the  
LAPP SAR Newsletter.



#### **IMPORTANT THINGS TO KNOW**

VBA Circulars are available online. Go to  
<http://www.homeloans.va.gov/>.

The Lender's Handbook is available online. Go to <http://www.homeloans.va.gov/>. Click on Lenders, Servicers and Real Estate Professionals on the right side. Click on Lender's Handbook. The handbook is available by chapter. Select the chapter you wish to view and you are on your way! You may also download the handbook here:  
[http://www.warms.vba.va.gov/pam26\\_7.html](http://www.warms.vba.va.gov/pam26_7.html)

#### **Hey, did you know...?**

A reconsideration of value can be requested after the Notice of Value (NOV) has been completed. Any party of interest to the transaction can submit a request for reconsideration of value. For more details, see Chapter 13, Section 13.09, Page 13-26

#### **Trouble logging into the VA Portal?**

1. Make sure your caps lock is turned off.
2. Be sure to write down your password and place it in a secure location.
3. Contact the VA Portal Help Desk:  
[vip.@vba.va.gov](mailto:vip.@vba.va.gov). Be sure to provide your user name and the last four digits of your SSN.



#### **TRAINING NEWS AND ANNOUNCEMENTS**

Oversight of the LAPP and SAPP programs will be taken over by Central Office (CO). All application processing and training by CO will begin September 2009.

#### **TYPES OF ELIGIBLE PROPERTIES**

- Proposed Construction
- New Construction—Less than 1 year old, never occupied
- Existing Construction—Previously occupied, over 1 year old

#### **NEW CONSTRUCTION WARRANTIES, Chapter 10**

##### **Chapter 10, Page 10-17**

Properties appraised as "new construction" must be covered by either:

- A one-year VA builder's warranty, or
- A ten-year insurance-backed protection plan acceptable to HUD

If the builder will provide a one-year VA builder's warranty, then the veteran purchaser must provide the statement found in the Lender's Handbook, Chapter 10, page 10-17.

The one-year builder's warranty must be on VA Form 26-1859, Warranty of Completion of Construction.

If the builder provides a ten-year insurance-backed protection plan, then the veteran will need to acknowledge that he or she will receive no assistance with construction complaints. See Lender's Handbook, Chapter 10, page 10-17.

## Exception

A veteran can purchase a new home from a builder who *is not more than occasionally* involved with VA financing and will not provide a one-year builder's warranty or ten-year insured protection plan. VA will not assist the veteran if there are construction complaints. The veteran and builder must provide statements, which are outlined in Chapter 10, page 10-18 of the Lender's Handbook.

## Customer Preference Items

New Construction customer preference items include interior wall finishes, floor coverings, appliances, fixtures and equipment.

## PROPOSED CONSTRUCTION

Properties appraised as "proposed construction" do not require VA inspections. VA will accept a certificate of occupancy (CO) as evidence of local authority inspections.

Notice of Value (NOV) conditions for proposed construction properties.

Where the local authority performs inspections:

- NOV Condition 12 and 12a
- NOV Condition 17 and 19
- NOV Condition 20 w/statement: "All construction inspections have been or will be performed by local building code enforcement authority in accordance with its policies and procedures with satisfactory results."

Where local authority does **NOT** make inspections:

- NOV Condition 12 and 12a
- NOV Condition 13
- NOV Condition 17 and 19
- NOV Condition 20 w/statement: "The lender is to certify that the property is 100% complete (both on-site and off-

site improvements) and that it meets VA's MPRs or existing construction."



## MINIMUM PROPERTY REQUIREMENTS

(Safe, Sound and Sanitary)

Each living unit must have the space necessary to assure suitable: living, sleeping, cooking and dining, accommodations, and sanitary facilities.

## MOST COMMON ERRORS

1. **The property address on the appraisal does not match the address that was entered in TAS.** SARs need to verify the address on the appraisal with the address in TAS. If the address in TAS is incorrect, the SAR should correct it prior to issuing the NOV

2. **The SAR does not make comments in processing notes when errors are found or when issues with the appraiser arise.** SARs should make sure to always document issues concerning the appraisal in TAS processing notes.

3. **MPR repair items are not being properly identified. In addition, MPR repairs are often confused with cosmetic repairs.**

The appraiser will often annotate in his or her appraisal report the MPR items and/or cosmetic repair items. The SAR should check with the appraiser to see if the cosmetic repairs will affect the value of the property.